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Business in Nebraska

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College of Business Administration

THE 1978 CENSUS OF AGRICULTURE

The twenty-first census of agriculture taken by the U.S. Department of Commerce, Bureau of the Census, in 1978 reveals a decline in the number of farms in Nebraska to 65,916, down from 67,597 in 1974 (Table 1, p. 2). The number of farms has steadily declined since 1945, when there were 111,756 farms (Figure 1, p. 3). The rate of decline has slowed in the 1970s, but continues. Data in Table 1 summarize the number of farms and selected characteristics in Nebraska for each census since 1945.

While the number of farms has declined steadily since 1945, acreage in farms has changed little since 1945. There was an actual increase—101,389 (0.2%)—in the number of acres in farms between census years 1974 and 1978. The trend toward more acreage in farms seems to coincide with the increase in grain prices in the early 1970s. In 1969 there were 45.8 million acres in farms and 46.2 in 1974. This slow trend toward more acreage in farms continued through 1978, although the rate of increase was below that recorded in the five-year interval 1969-74.

Data in this report are from the various censuses of agriculture. The first census of agriculture was taken in 1840 along with the sixth decennial census of the population. From 1840-1950, an agriculture census was taken as part of the decennial census of population. Mid-decade censuses of agriculture were conducted in 1925, 1935, and 1945. From 1954 through 1974, census was taken in the years ending in four and nine. This was changed by Congress in 1976 to adjust the agriculture census with other economic censuses. Economic censuses will be taken in 1978, 1982, and thereafter in five-year cycles.

One of the interesting aspects of the 1978 census is the sharply rising value of farm land. The value of the average Nebraska farm has increased substantially as farm size and the value of land have escalated over the past three decades. According to the 1978 census, the average-size farm in Nebraska was 702 acres. There has been a steadily increasing trend toward larger farms as the number of farms has declined and acres per farm increased (Figure 2, p. 3). The average farm was 427 acres in 1945, compared with 702 in 1978.

Farm land was valued at $525 per acre on average in 1978, up from $282 per acre in 1974. In 1945, farm land was valued at $36 per acre. It was still valued at less than $100 per acre in 1959 and by 1964 had increased to $109 per acre. Acreage prices began to increase at higher rates during the 1960s, as is well indicated by the data in Table 1 and Figure 3 (p. 3). During the last four years, 1974-78, farm land value increased at more than 16% compounded annually. The 16% compounded increase in agriculture land prices 1974-78 comes after a 13% compounded increase in the value of agriculture land over the interval 1969-74. Over the nine-year interval 1969-78, census of agriculture data indicate that Nebraska land prices increased from $154 per acre in 1969 to $525 per acre in 1978, an increase of approximately 240% or a compounded rate of 14.6%. By way of comparison, farm land increased from $36 per acre in 1945 to $109 in 1964, an increase of more than 200% or a compounded rate of approximately 6%. The rate of increase in the price of farm land has more than doubled since the mid-1960s. Certainly farm land has increased more rapidly than all prices over this interval. Average total farm value increased from $15,205 in 1945 to $372,786 in 1978 (Figure 4, p. 3).

As the price of farm land per acre climbed higher and higher, production seems to have become (continued on page 6)

PAUL A. VOLCKER AT UNIVERSITY OF NEBRASKA-LINCOLN

November 11, 1981

Mr. Paul A. Volcker, Chairman, Federal Reserve Board of Governors, will present the 1981 E. J. Faulkner Lecture at the University of Nebraska-Lincoln on November 11, 1981, at 10:30 a.m. Mr. Volcker's speech will be delivered in the Ballroom of the Student Union. Mr. Volcker occupies an extremely important and sensitive position guiding the country's monetary policy, and it is with great pleasure that the College of Business Administration hosts Mr. Volcker's visit. The lecture is open to the public and all are cordially invited.

The E. J. Faulkner Lecture series was endowed by Woodman Accident and Life Company to bring distinguished lecturers to the University. Mr. Faulkner is a recognized national leader in the life and health insurance business. He served for 40 years as President of Woodman Accident and Life Company and is currently Chairman of the Board. Under Mr. Faulkner's guidance, Woodman Accident and Life Company has grown to be one of the largest and most successful insurance companies headquartered in mid-America.

The lectures are conducted under the auspices of the Center for the Study of the American Business System in the College of Business Administration. The Center was established by the Board of Regents in January 1978 and is dedicated to improve education, research, and service related to the American business system. This lecture series provides a unique opportunity to supplement the formal education of our students and the community about American business, the challenges to our business system, and its prospects for the future. Other lecturers in the series include William E. Simon and Arnold W. Weber.

Table 1

SELECTED CHARACTERISTICS FOR CENSUS OF AGRICULTURE

	1945	1950	1954	1959	1964	1969	1974	1978
Number of farms	111,756	107,183	100,846	90,475	80,163	72,257	67,597	65,916
Land in farms (millions of acres)	47.753	47.467	47.486	47.756	47.793	45.834	46.172	46.273
Average farm size (acres)	427	443	471	528	596	634	683	702
Average value per farm (dollars)	15,205	25,517	33,713	46,796	65,268	97,931	192,574	372,786
Average value per acre (dollars)	36	58	72	89	109	154	282	525

Source: *Census of Agriculture*, 1978, Table 1, p. 1.

Table 2

MARKET VALUE OF AGRICULTURAL PRODUCTS SOLD

Value of Agricultural Products Sold	1978			1974		
	Percent of Total Sales	Number of Farms	Percent of Total Farms	Percent of Total Sales	Number of Farms	Percent of Total Farms
Over $100,000	66.1	10,324	15.7	53.8	7,042	10.4
Over $80,000	72.5	14,078	21.4	60.8	9,975	14.8
Over $60,000	80.2	19,799	30.0	69.8	14,838	22.0

Source: *Census of Agriculture*, 1978, Table 10, p. 6.

Table 3

SELECTED CROPS HARVESTED AND VALUE OF PRODUCTION
1974, 1978

	Acres		Value of Production (thousands of dollars)	
	1974	1978	1974	1978
Harvested Cropland	16,309,434	16,442,249	2,309,978	2,554,601
Corn for grain or seed	5,591,301 (34.3%)	6,681,884 (40.6%)	1,086,801 (47.0%)	1,454,182 (56.9%)
Sorghums for grain	1,765,336 (10.8%)	1,813,960 (11.0%)	158,436 (6.9%)	230,337 (9.0%)
Wheat	2,823,818 (17.3%)	2,418,869 (14.7%)	344,433 (14.9%)	202,511 (7.9%)
Other small grains			37,309 (1.6%)	23,723 (0.9%)
Soybeans	1,049,372 (6.4%)	1,212,733 (7.4%)	165,932 (7.2%)	233,973 (9.2%)
Hay	3,455,199 (21.2%)	3,393,736 (20.6%)	227,064 (9.8%)	210,665 (8.2%)
Beets		77,008 (0.5%)		
Other			(12.6%)	(7.9%)

Source: *Census of Agriculture*, 1978, Table 27, p. 18.

Figure 1
NUMBER OF FARMS

Figure 2
AVERAGE FARM SIZE

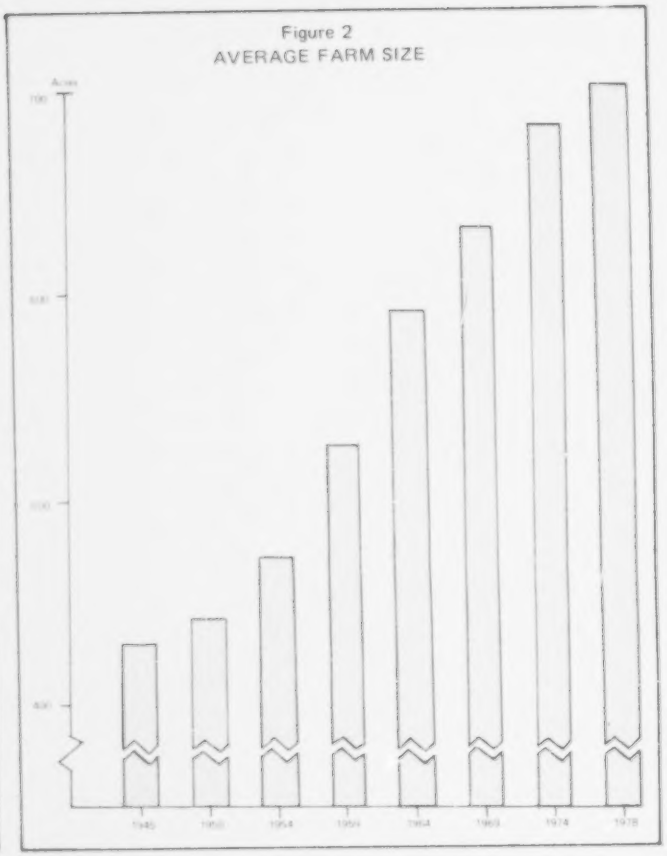


Figure 3
AVERAGE VALUE PER ACRE

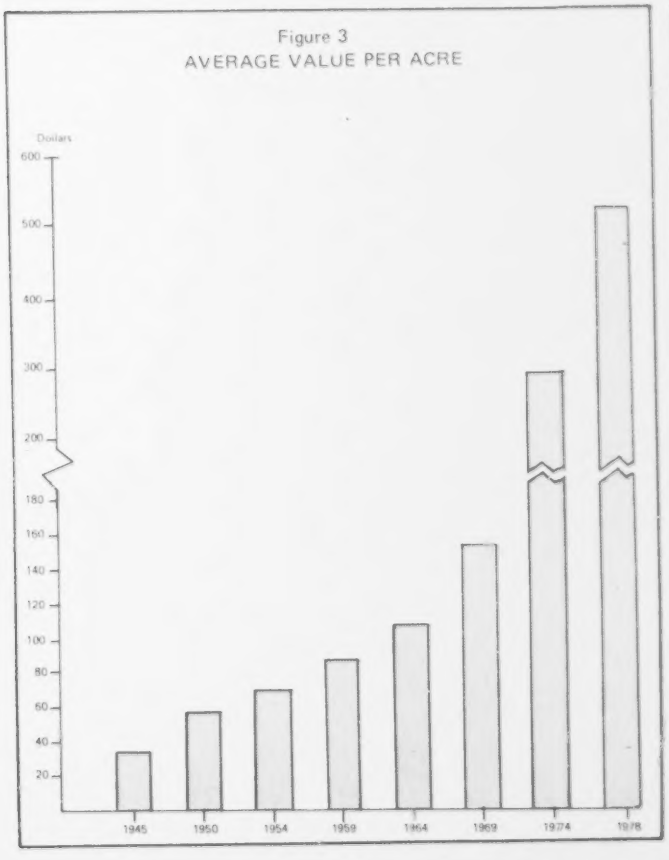
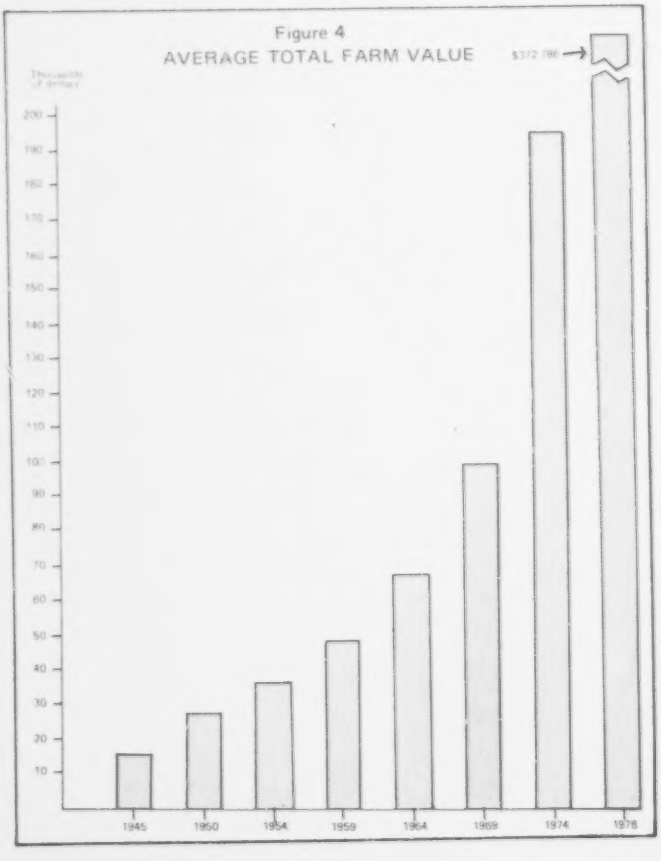


Figure 4
AVERAGE TOTAL FARM VALUE



Review and Outlook

A sharp increase in economic activity was recorded in the Nebraska economy in July. The state's physical volume index was 4.1% higher in July compared with the month-previous reading. It may be coincidence or it may be the development of changing seasonal patterns, but it is interesting to note that July 1980 was also a very good month for the Nebraska economy. The July 1981 improvement in the Bureau of Business Research's economic index was led by sharp gains in agriculture, manufacturing, and the distributive trades.

The index for agriculture increased 17.4% on a month-to-month basis. The increase in the agriculture index was a result of substantially higher cash farm marketings. On a seasonally adjusted basis, cash farm marketing receipts increased 23.2% June-July. Seasonally adjusted, cash farm marketings were $643 million—a record monthly marketing of Nebraska agricultural commodities. When July 1981 is compared with 1980, cash farm marketings in Nebraska were up 11.6% compared with 9.6% nationally. Prices received by Nebraska farmers were up 4.7% in July 1981 compared with one year previous, while prices received by U.S. farmers were up by 4.5%.

While the boost in the state's agriculture sector was undoubtedly responsible for much of the increase in the level of economic activity in July 1981, substantial contributions toward increased output were made by nonagriculture sectors of the Nebraska economy as well. Manufacturing (continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate, and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

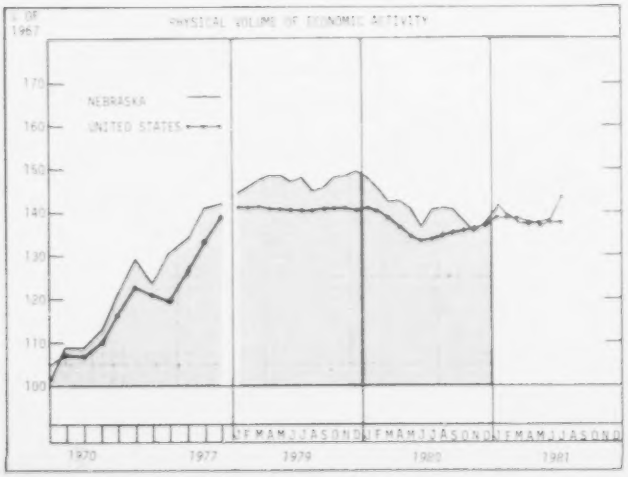
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

July 1981	Current Month as Percent of Same Month Previous Year		1981 Year to Date as Percent of 1980 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	113.2	112.8	108.9	110.8
Agricultural	115.5	111.1	105.6	108.7
Nonagricultural	112.8	112.9	109.3	110.8
Construction	126.0	108.6	133.3	105.8
Manufacturing	116.2	116.6	108.8	110.3
Distributive	112.1	112.4	108.9	112.0
Government	108.1	109.1	105.8	108.8
Physical Volume	103.5	102.3	98.9	100.3
Agricultural	110.3	106.3	96.0	97.5
Nonagricultural	102.5	102.2	99.3	100.4
Construction	104.0	89.7	121.6	96.4
Manufacturing	107.1	106.5	98.9	99.7
Distributive	101.2	101.5	98.5	101.3
Government	101.0	99.3	98.9	99.7

2. CHANGE FROM 1967

	Percent of 1967 Average	
Indicator	Nebraska	U.S.
Dollar Volume	381.0	358.0
Agricultural	379.7	383.9
Nonagricultural	381.0	357.1
Construction	261.8	313.0
Manufacturing	402.5	326.8
Distributive	393.4	383.7
Government	362.4	334.3
Physical Volume	143.6	137.5
Agricultural	142.8	151.2
Nonagricultural	143.7	137.1
Construction	70.2	83.9
Manufacturing	170.7	135.4
Distributive	143.4	139.8
Government	143.4	149.8

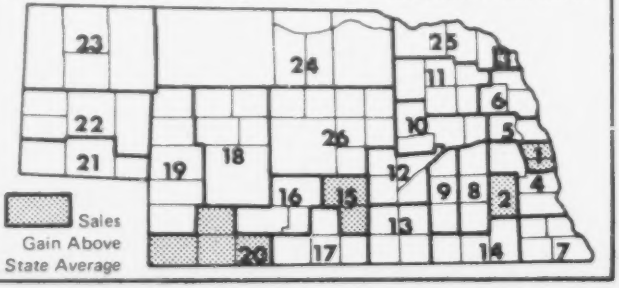


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)

Region Number and City	City Sales*	Sales in Region*	
	July 1981 as percent of July 1980	July 1981 as percent of July 1980	Year to date'81 as percent of Year to date'80
The State	93.2	93.3	100.2
1 Omaha	95.3	95.6	104.6
Bellevue	79.7		
2 Lincoln	89.2	90.4	101.3
3 So. Sioux City	101.6	97.2	98.2
4 Nebraska City	88.1	89.0	96.4
5 Fremont	87.3	86.1	98.5
Blair	87.5		
6 West Point	88.9	88.9	93.3
7 Falls City	89.2	87.8	95.7
8 Seward	86.0	85.8	97.2
9 York	92.5	89.4	93.5
10 Columbus	87.5	91.9	98.4
11 Norfolk	93.2	95.7	100.4
Wayne	99.3		
12 Grand Island	83.2	82.1	98.5
13 Hastings	31.6	92.4	98.5
14 Beatrice	95.0	92.3	97.7
Fairbury	83.2		
15 Kearney	91.6	92.7	100.8
16 Lexington	100.4	98.0	95.3
17 Holdrege	83.3	88.0	97.7
18 North Platte	92.5	92.0	95.3
19 Ogallala	93.3	96.5	99.0
20 McCook	91.2	90.9	102.2
21 Sidney	90.0	92.0	98.8
Kimball	89.0		
22 Scottsbluff/Gering	88.9	90.7	98.7
23 Alliance	89.5	92.4	98.5
Chadron	80.5		
24 O'Neill	103.2	93.5	98.3
25 Hartington	111.7	103.6	96.1
26 Broken Bow	122.6	102.3	95.0

*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1981 YEAR TO DATE AS PERCENT OF 1980 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(continued from page 4) recorded a 2% increase in physical volume of output on a month-to-month basis. The physical volume index of manufacturing output is up 7.1% above year-previous levels, but still below July 1979 by approximately 1%. Output in the manufacturing sector has increased more or less month after month after reaching a low in July of 1980. The July 1981 index was about 3% below the February 1980 peak.

While output in the manufacturing sector increased, output from the construction sector declined nearly 17%. The Bureau of Business Research's index of economic activity in the construction sector stood at 70.2 (1967 = 100), down sharply from the June reading. The construction index was up slightly from July 1980's levels, but well below readings recorded earlier in 1981. The impact of continued high interest rates is adversely impacting the construction industry across the state.

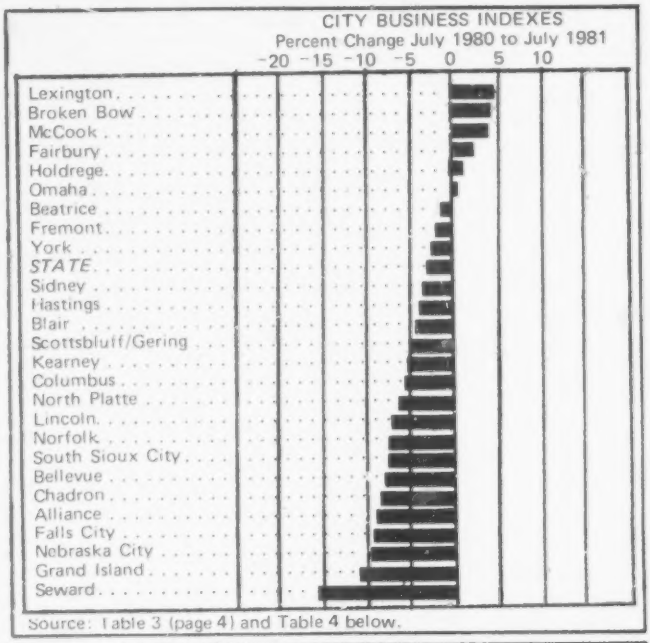
Output in the distributive trade sector increased 4.3% over the June-July 1981 interval. The index stood at 143.4, up from a reading of 141.7 in 1980 but below the reading of 148.0 in July 1979. Like many other sectors of the state's economy, the distributive trade sector has recovered from the 1980 recession lows but is still below peak levels.

Activity in the government sector declined by 0.7% on a month-to-month basis. This index has changed little over the past thirty-six months—a point well illustrated by the July readings for the past three years. The index stood at 143.4 in July 1981, 142.0 in July 1980, and 143.6 in July 1979.

Dollar volume net taxable retail sales increased 1.6% July 1980-81. When adjustments are made for price increases, retail sales were down 6.7%. These adjustments were made using the commodity component of the Consumer Price Index. This index was up 8.9% on a year-to-year basis and, while it is considered the most reliable measure of net changes in net taxable retail sales, it has most of the defects inherent in the Consumer Price Index.

Motor vehicle sales were somewhat "stronger" than nonmotor vehicle sales. Motor vehicle sales were up 2.3% on an unadjusted basis, or a decrease of 6.1% in real terms. Nonmotor vehicle retail sales were up 1.6% on an unadjusted basis, or 6.7% when adjusted for prices. Total retail sales in July 1981 were estimated at $798 million.

Nebraska cities recording increases in real retail sales (Table 3) included Broken Bow, up 22.6%; Hartington, up 11.7%; O'Neill, up 3.2%; South Sioux City, up 1.6%; and Lexington, up 0.4%. For the state, real retail sales were 93.2% in July 1981 of July 1980 sales. Nebraska communities recording above-average retail sales in July 1981 compared with year-previous results include Omaha, Wayne, Beatrice, and Ogallala. D. E. P.



Source: Table 3 (page 4) and Table 4 below.

4. JULY CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago: Employment[1]	Building Activity[2]	Power Consumption[3]
The State	102.7	70.3	100.0
Alliance	98.4	54.1	103.1
Beatrice	100.9	104.6	102.0
Bellevue	106.3	71.0	102.6
Blair	102.7	100.2	83.7
Broken Bow	102.2	25.7	91.0
Chadron	105.0	72.5	112.4
Columbus	103.8	73.1	96.2
Fairbury	102.5	587.7	87.7
Falls City	103.3	31.5	94.7
Fremont	107.0	107.4	94.5*
Grand Island	101.8	40.4	112.5
Hastings	101.0	87.6	99.1
Holdrege	103.3	434.1	127.9
Kearney	103.2	56.0	107.6
Lexington	103.8	189.4	98.4
Lincoln	100.0	73.1	100.4
McCook	102.9	401.5	103.0
Nebraska City	101.0	36.1	91.8
Norfolk	101.2	37.2	100.3
North Platte	100.5	59.0	92.3
Omaha	106.3	95.2	98.2
Scottsbluff/Gering	104.3	66.8	102.9
Seward	94.5	25.3	95.0
Sidney	101.6	95.7	111.6
So. Sioux City	96.4	26.7	103.1
York	102.2	82.5	93.8

[1] As a proxy for city employment, total employment for the county in which a city is located is used.
[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.
[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

July 1981	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	274.4	110.7	110.5
Commodity component	255.0	108.9	109.4
Wholesale Prices	296.0	109.5	109.8
Agricultural Prices			
United States	254.0	104.5	111.5
Nebraska	266.0	104.7	110.0

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(continued from page 1) slightly more concentrated. One sixth—or 10,324—of Nebraska's farms accounted for two-thirds of the value of all agriculture products sold in 1978. These 10,324 farms had sales in excess of $100,000 in 1978 (Table 2, p. 2). Thirty percent, or less than one-third of Nebraska's farms—19,799—accounted for slightly more than 80% of all agricultural products sold in 1978. These farms had sales in excess of $60,000 or more per farm. In 1974, 30% of all Nebraska farms marketed approximately 77% of all agriculture products sold. Data from the 1978 and 1974 censuses imply that marketing of agricultural products is more concentrated today than it was a few years ago.

There has been some shift in the composition of crops planted in Nebraska and the value of this production between the two census years 1974 and 1978 (Figure 5). Acreage of corn planted increased to 40.6% of all cropland, up from 34.3% in 1974. Soybeans recorded an increase in acres harvested of approximately 200,000, and accounted for 7.4% of total harvested cropland in 1978. Sorghum recorded a slight increase in harvested acres over the interval 1974-78. Wheat and hay declined in terms of acres harvested. Wheat accounted for 14.7% of all harvested cropland in 1978, compared with 17.3% in 1974. A slight decline was also recorded for hay (Table 3, p. 2).

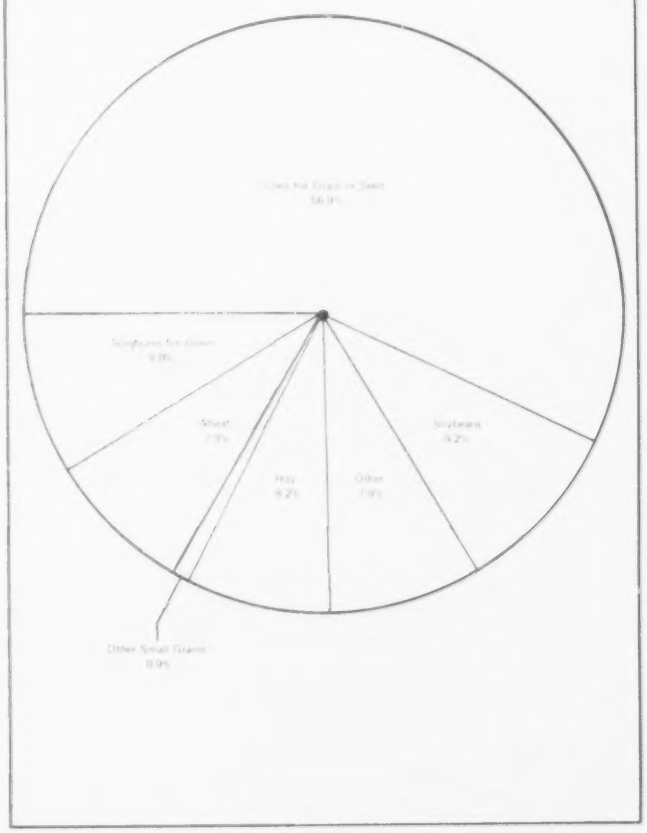
The value of crops harvested reflects this composition in acreage change. Corn was responsible for more than half of the value of all crops harvested in Nebraska in 1978. Corn accounted for 56.9%, or approximately 1.4 billion dollars in terms of value of production in 1978. By contrast, corn accounted for 47% of the value of production of cropland in 1974. Soybeans and sorghum were up in terms of the proportion of the value of production accounted for by these crops.

Wheat and hay declined, with the drop in the value of wheat being notably steep. Wheat accounted for 7.9% of the value of all crops harvested in 1978, compared with 14.9% in 1974. The value of wheat produced in Nebraska was placed at $202,000,000 in 1978, down from $344,000,000 in 1974. Corn and soybeans have gained in terms of value in acres harvested at the expense of primarily wheat. D. E. P.

Figure 5

VALUE OF CROP PRODUCTION, 1978

(Percentage Distribution)



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